

**ILLINOIS STATE BOARD OF INVESTMENT**  
**Request for Competitive Proposal: Active or Passive High Yield Fixed Income Manager**  
**(Benchmarked to the Barclays U.S. Corporate High Yield Index)**

**I. OVERVIEW**

The Illinois State Board of Investment (“ISBI”) hereby issues a request for competitive proposals (“RFP”) from qualified investment advisory firms interested in providing **active or passive, high yield fixed income investment advisory services** in order to diversify ISBI’s fixed income investments. The benchmark for this separate account allocation will be the Barclays U.S. Corporate High Yield Index. All forms needed for submitting a response to this RFP are available on ISBI’s website at <http://www.illinois.gov/isbi/Pages/RFP.aspx>. **Respondents to this RFP are responsible for monitoring ISBI’s website for information pertaining to the RFP while the RFP is outstanding.**

ISBI is a non-appropriated state agency that is responsible for managing and investing the pension assets of the Illinois General Assembly Retirement System, the Judges’ Retirement System of Illinois and the State Employees’ Retirement System of Illinois. ISBI’s net assets totaled approximately \$15.4 billion as of March 31, 2016. More information regarding ISBI can be found by reviewing its enabling statute at 40 ILCS 5/22A and its website at: <http://www.isbi.illinois.gov>.

**II. RFP TIMELINE**

- |  |                                   |
|--|-----------------------------------|
| A. Date of Issue:                        | August 8, 2016                    |
| B. Deadline to Submit Written Questions: | August 15, 2016, 3:00PM CDT       |
| C. Q & A Document Posted:                | August 26, 2016                   |
| D. Final Filing Date:                    | September 9, 2016, 3:00PM CDT     |
| E. Potential Interviews:                 | TBD                               |
| F. Finalist Notified By:                 | December 2016 (subject to change) |

**III. ISBI RFP PROCEDURES**

ISBI will provide notice of this RFP in the State of Illinois newspaper and in one or more industry periodicals at least 14 days before the response to the RFP is due. Notice will also be provided to ISBI’s universe of advisers. Qualified advisers that do not receive an RFP from ISBI or ISBI’s investment consultant (the “Consultant”) are encouraged to compete and may obtain the RFP document from ISBI’s website. Neither this RFP nor any response to this RFP should be construed as a legal offer.

All interested Advisers must submit their responses in accordance with the proposal submission instructions below. ISBI reserves the right to reject any or all proposals submitted. All material submitted in response to the RFP will become the property of ISBI. ISBI is not responsible for any costs incurred by the Respondents in responding to this RFP.

ISBI’s Staff (“Staff”), in conjunction with the Consultant, shall open the responses and thoroughly review each for content, quality and compliance with the RFP’s requirements. Staff will compile a list of all Respondents to the RFP, identifying which responses are complete and incomplete.

If it becomes necessary to revise any part of the RFP, or if additional information is necessary for a clarification of provisions within this RFP, prior to the due date for proposals, a supplement will be provided to all known Respondents and posted on ISBI's website. If a supplement is necessary, the Board may extend the due date and time of the proposals to accommodate any additional information requirements.

Respondents are advised that proposal materials are subject to the Illinois Freedom of Information Act (5 ILCS 140). After completion of the RFP, selection by the Board of Trustees of ISBI (the "Board") and successful negotiation of a contract, if any, proposals submitted may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to the Illinois Freedom of Information Act for information within the Respondents' proposals must identify relevant language as confidential, and identify in the email transmission of the proposal whether confidential information is included. Further, each page of confidential documentation must be labeled as such. The Respondent must also specify which statutory exemption applies for each piece of confidential information. The Freedom of Information Act can be found at the Illinois General Assembly's website (<http://www.ilga.gov/>).

ISBI reserves the right to make determinations of confidentiality. If ISBI disagrees with a Respondent's confidential designation, it may either reject the proposal or discuss its interpretation of the exemptions with the Respondent. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, ISBI will remove the proposal from consideration.

Following review and evaluation of complete responses from interested Respondents, the field of candidates will be narrowed to a smaller list of the most highly qualified Respondents. ISBI's Staff and the Consultant may meet with representatives of each Respondent to obtain an independent assessment of the Respondent's capabilities.

Following any interviews with the selected Respondents, ISBI's Staff and the Consultant will prepare Respondent recommendations for approval by the Board. The finalists may appear before the Board to present their firms' qualifications. The Board shall accept or modify the recommendation and make the final selection, if satisfied with the Respondents' capabilities.

If in any case an Emerging Investment Adviser(s) meets criteria established by the Board and Consultant for a specific search, the Emerging Investment Adviser(s) shall receive an invitation by the Board, or the Board's Investment Policy Committee and/or Emerging Manager Committee, to present the firm(s) for final consideration. In the case where multiple Emerging Investment Advisers meet the search criteria, the Board's Staff may choose the most qualified firm or firms to present to the Board.

ISBI shall conduct the RFP process and any potential retainer in accordance with applicable provisions of the Illinois Pension Code, the State Officials and Employees Ethics Act and any other relevant authority under the Illinois Compiled Statutes. All ex parte communications between the Board and its Staff and interested parties, including Respondents, or non-interested parties shall be recorded or disclosed, in accordance with the State Officials and Employees Ethics Act. Board members and Staff shall comply with all Illinois gift ban restrictions.

No Respondent shall retain a person or entity to influence (i) the outcome of an investment decision or (ii) the procurement of investment advice or services of ISBI for compensation, contingent in whole or in part upon the decision or procurement.

ISBI shall post the name of the successful Respondent, if any, on the Board's website, along with a disclosure including the total amount applicable to the contract, the total fees paid or to be paid and a description of the factors that contributed to the selection of the Adviser. Any contract negotiated will not exceed five years in duration. Options to renew or extend the contract beyond the five year period will not be included.

#### ***IV. PROPOSAL SUBMISSION***

The Board's Consultant shall oversee the RFP process. If Respondent is interested in submitting a proposal, Respondent must submit an electronic copy of the complete proposal by **3:00 PM, CDT, Friday, September 9, 2016** to:

SEARCH CONTACTS:      Meketa Investment Group, Inc.  
   [RFPResponse@meketagroup.com](mailto:RFPResponse@meketagroup.com)  
  
   **AND**  
   Illinois State Board of Investment  
   [Johara.Farhadieh@illinois.gov](mailto:Johara.Farhadieh@illinois.gov);  
   [ISBI.backstop@illinois.gov](mailto:ISBI.backstop@illinois.gov)

Questions concerning the RFP must be submitted in writing via e-mail to the Search Contacts by **3:00 PM, CDT, August 15, 2016**. Responses to properly submitted questions will be consolidated into a single Q & A document and posted on ISBI's website on or about **August 26, 2016**. The Q & A document will not identify the source of the query.

**PLEASE NOTE:** Respondents **WILL NOT** receive individualized responses from the Search Contacts in response to questions submitted by a Respondent. Respondents must review the Q & A document posted on ISBI's website to receive answers to all questions submitted.

If Staff and/or Consultant has/have a question(s) regarding how to interpret a Respondent's proposal, Staff and/or Consultant is/are authorized to request additional information from that Respondent.

**ANY PROPOSAL RECEIVED AFTER THE SEPTEMBER 9, 2016 DUE DATE AND TIME WILL NOT BE CONSIDERED.**

#### **PROPOSALS MUST CONTAIN THE FOLLOWING DOCUMENTS:**

- A. Transmittal Letter. A transmittal letter must be submitted on the Respondent's official business letterhead. The letter must identify all documents provided collectively as a response to the RFP, and must be signed by an individual authorized to bind the Respondent contractually. **An unsigned proposal shall be rejected.** The letter must also contain the following:
  - Statement that the proposal is being made without fraud or collusion; that the Respondent has not offered or received any finder's fees, inducements or any other form of remuneration, monetary or non-monetary, from any individual or entity relating to the RFP, the Respondent's proposal or the Board's resulting selection.

- Statement that discloses any current business relationship or any current negotiations for prospective business with the Board or any Board members or ISBI Staff.
- B. Minimum Qualification Certification. The Respondent must complete the certification and provide all supporting documentation.
- C. Questionnaire. The Respondent must address the questionnaire items in the RFP in the order in which they appear in the RFP. Further, each question number and question in the RFP shall be repeated in its entirety before stating the answer. Please note that certain questions require supporting documentation. This additional documentation should be submitted as attachments to the questionnaire.
- D. Excel Files. The Respondent must provide portfolio attribution information, a current sample portfolio, and quarterly portfolio holdings as separate Excel files.
- E. Vendor Disclosure Attachment(s).

#### **V. SCOPE OF SERVICES**

The Respondent, a qualified investment adviser, will manage assets for the Board in a separate account for an active or passive, high yield fixed income portfolio mandate. The benchmark for the portfolio is the Barclays U.S Corporate High Yield Index.

#### **VI. POST PERFORMANCE REVIEW**

Any Respondent retained by the Board will undergo quarterly performance reviews, at Staff's discretion, wherein the Respondent's compliance with agreement objectives and deliverables will be assessed. Evidence of material non-compliance will be reviewed by the Board's Staff and the Consultant, as well as the Board, if necessary.

#### **VII. MINIMUM QUALIFICATION REQUIREMENTS AND CERTIFICATION**

Respondents must satisfy each of the following minimum qualifications for this RFP, in order to be given further consideration by the Board. Failure to satisfy each of the requirements will result in the immediate rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal.

Please circle "YES" or "NO" where indicated. If evidence is requested, please provide complete documentation.

1. Respondent is an investment adviser registered with the Securities and Exchange Commission under the federal Investment Advisers Act of 1940.  
(Yes/No):\_\_\_\_\_ If yes, please provide ADV Forms I and II.
2. Respondent and its proposed team have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time Respondent submits a response to the RFP.  
(Yes/No):\_\_\_\_\_
3. The lead portfolio manager has over 10 years' experience managing high yield bond assets in excess of \$500 million. (Yes/No):\_\_\_\_\_

4. The allocation for this fixed income mandate will be approximately **\$230 million**. Per the Consultant's fee analysis, an allocation of this size and asset class should merit a fee no greater than 50 basis points for active management/20 basis points for passive management, including operating expenses and administrative fees, with no performance fees. Respondent is at or below this fee. (Yes/No):\_\_\_\_\_
5. Respondent has a minimum of three-years, GIPS Verified, performance track record. (Yes/No): \_\_\_\_\_ If yes, please provide the GIPS Verified track record.
6. Respondent has at least **\$3 billion** in firm assets under management and at least **\$1 billion** in High Yield fixed income. (Yes/No):\_\_\_\_\_
7. Respondent has at least **\$2 million** in Errors & Omissions Insurance. (Yes/No):\_\_\_\_\_ If yes, please provide evidence.
8. If retained for investment advisory services, Respondent agrees to serve as a fiduciary as defined by the Illinois Pension Code. (Yes/No):\_\_\_\_\_
9. Respondent has reviewed the ISBI's Investment Policy (the "Policy"), which includes ISBI's Diversity Policy, found via ISBI's website (<http://www2.illinois.gov/isbi/Pages/Reporting.aspx>), and agrees that, if retained, Respondent can provide investment advisory services in furtherance of the Policy. (Yes/No):\_\_\_\_\_
10. Respondent has both (i) reviewed ISBI's Vendor Disclosure Policy (attached as ***Exhibit A***) **and** (ii) provided all disclosures required under the Policy. If Respondent has no disclosures to report, Respondent has indicated that fact in the firm's response. (Yes/No):\_\_\_\_\_
11. Respondent has (i) reviewed the representations and certifications, outlined in ***Exhibit B***, **and** (ii) agrees that, if retained to provide investment advisory services, such representations and certifications will be incorporated into the investment advisory agreement. Limited drafting changes may be negotiated during any contract negotiation. (Yes/No):\_\_\_\_\_
12. Respondent agrees to provide the services as detailed in the Scope of Services section of this RFP and any other requirements as stated in this RFP. (Yes/No):\_\_\_\_\_
13. If retained, Respondent will, in conjunction with the Board's Staff, submit periodic written reports, on at least a quarterly basis, for the Board's review at its regularly scheduled meetings. All returns on investment shall be reported as net returns after payment of all fees, commissions, and any other compensation, in addition to any other reporting requested. (Yes/No):\_\_\_\_\_
14. Respondent maintains sufficient procedures and capabilities necessary to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to an ISBI account(s). (Yes/No): \_\_\_\_\_  
  
If yes, please provide a complete description of these procedures and capabilities, including your firm's disaster recovery and business continuity plan.

IF RESPONDENT PROVIDED A “NO” RESPONSE TO ANY OF THE MINIMUM QUALIFICATION REQUIREMENTS ABOVE, RESPONDENT SHOULD NOT SUBMIT A PROPOSAL TO THE BOARD.

PLEASE CERTIFY THE RESPONDENT’S SATISFACTION OF THE MINIMUM QUALIFICATIONS BY PROVIDING THE RESPONDENT’S AUTHORIZED SIGNATURE BELOW.

*Authorized Signer Name:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Respondent Firm:* \_\_\_\_\_

*Signature:* \_\_\_\_\_

*Date:* \_\_\_\_\_

## VIII. QUESTIONNAIRE – All data should be as of June 30, 2016

Unless stated otherwise, please answer each question in the field provided. As previously stated, portfolio attribution information, a current sample portfolio, and quarterly portfolio holdings, should be included as separate Excel files. We appreciate you taking the time to complete this document. Thank you.

### I. General Information

Firm Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Title: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail: \_\_\_\_\_

### II. Firm Information

1. When was the firm's inception date?
2. Where is the firm located (include headquarters and satellite offices)?
3. Is the Firm a Registered SEC Investment Advisor? Yes: \_\_\_\_ No: \_\_\_\_

If **yes**, please complete the following:

- a. Name of Firm (as registered with the SEC):
  - b. SEC File Number:
4. What is the firm's ownership structure? Note any recent (within the last five years) or pending changes in ownership structure.
  5. Is your firm considered a 'minority owned business', 'female owned business' or 'business owned by a person with a disability' as those terms are defined in the State of Illinois Business Enterprise for Minorities, Females, and Persons with Disabilities Act? If so, do you agree to comply with the certification process outlined in ISBI's Diversity Policy?

Owner Name	Ownership %	Minority Designation

6. Does the firm own or have any affiliation with a broker/dealer? If yes, please describe the relationship between the firm and its broker/dealer and whether the firm would utilize the services of the broker dealer for this mandate.
7. Please provide a brief description of any past or pending regulatory action, litigation or other legal proceedings involving the firm or any registered employees and/or principals. How were these issues resolved?
8. Who is the firm's current auditor? Has the firm changed auditors in the past five years? If so, please explain why.
9. What types of liability insurance (e.g., Errors and Omissions) and other forms of coverage does your firm carry to protect your clients? Please provide dollar amounts and proof of coverage.
10. Does your firm have in-house counsel? If not, do you retain outside counsel to address legal and regulatory matters? What is the name of this firm and who is your attorney?

11. Please provide an organization chart that includes all senior management and all investment professionals. (In the Investment Team section we will ask for an organization chart of all the investment professionals who work on the investment product under consideration in this RFP.)
12. Are any investment professionals under employment contracts? If so, please discuss the nature of the contracts.

13. Please complete the following table Total Firm AUM (\$):

	As of: 6/30/16	As of: 6/30/15	As of: 6/30/14	As of: 6/30/13	As of: 6/30/12	As of: 6/30/11
Total Firm Assets						
Total No. of Clients						

14. Please provide a current list of all investment products/strategies offered by the firm. Include the total amount of assets managed under each strategy, whether the strategy is open or closed, and, if applicable, the amount of capacity currently available in each strategy.
15. Please list any products the firm has completely liquidated or merged with an existing product. Briefly explain why the product was liquidated or merged.
16. What percentage of the firm's assets under management are institutional (separate) accounts? Commingled funds? Mutual funds? High net worth individuals?
17. Please provide a complete copy of your form ADV and a statement of your financial condition?
18. Please provide your firm's most recent 408(b)(2) filing.

### III. Product Information

1. What is the inception date of this product? When did the current portfolio manager or investment committee start managing this product? If there has been a portfolio manager change, please show the periods when each portfolio manager managed the product.
2. Please complete the following table Strategy AUM (\$):

	As of: 6/30/16	As of: 6/30/15	As of: 6/30/14	As of: 6/30/13	As of: 6/30/12	As of: 6/30/11
Assets Managed in High Yield Strategy						
No. of Clients in High Yield Strategy						

3. Please provide the number of clients in this strategy that have been gained and lost, and the respective amounts, during the past five years.
4. For your three largest client relationships in High Yield Fixed Income, please provide the size of the mandate and the inception date for each account/relationship.
5. Does the firm have a policy limiting assets under management for this strategy? If so, what is the stated level? If not, what do you think is the product's capacity?
6. Please list other products that overlap with this strategy. How much in AUM do you manage in each of these products, and what percentage of the portfolios overlap?
7. Please provide two client references for the High Yield Fixed Income strategy. Include name and phone number of contact person, the type and size of the account and the inception date



of the account.

8. Please provide the names of the portfolio manager(s) and client service personnel who will be assigned to this account.
9. Do you offer (or sub-advise) a mutual fund for this strategy? If so, what is its name and symbol?
10. Do you offer commingled portfolios for this strategy? Separate accounts?

#### IV. Investment Team

1. If it is different than the organizational chart requested earlier, please provide an organizational chart with all the investment professionals involved in the High Yield Fixed Income strategy and the bios of these individuals. We would like as much detail as possible. This information can be included separately. In addition, please complete the table below.

Name	Tenure at Company	Tenure with Strategy	Industry Experience	Education/ Credentials	Areas of Specialization	Other Products Supported

2. Where is the individual/team that runs this strategy located?
3. How was the investment team built and how long has the current team been working together?
4. In addition to the proposed strategy, what other portfolio management responsibilities do the portfolio managers/research analysts have?
5. Please list additions and departures to the management and research team(s) responsible for the High yield Fixed Income strategy in the last five years, including their responsibilities. Provide a brief explanation for each departure, and list any replacement for these vacancies.

<b>Additions:</b> Name	Title	Coverage Responsibilities	Product Responsibilities	Date of Hire

<b>Departures:</b> Name	Title	Coverage Responsibilities	Product Responsibilities	Reason for Departure

6. Please list the portfolio manager and analysts responsible for this product who invest their own assets in this product. What percentage of their assets does each invest in this product? What percentage does each invest in the firm's other products?
7. Explain your approach to bringing new analysts/portfolio managers onto the team. Do you

- prefer to bring in seasoned/experienced individuals or do you hire younger investment professionals and train them? Why do you take this approach?
8. Do you believe analysts should specialize and cover specific industries or is it preferable to be a generalist? Why? (Active Managers Only)
  9. Approximately how many companies does each analyst follow? (Active Managers Only)
  10. How does the firm address staff turnover, especially in the research area?
  11. What qualities make a good analyst and what do you do to try to develop their talent? Is there a mentoring process at your firm?
  12. How do you evaluate your analysts and portfolio managers? Describe the compensation structure for portfolio managers and research analysts. What kind of behaviors are you trying to encourage?
  13. What external research sources do you use in the High Yield Fixed Income process? Please approximate annual expenditures for third-party research (and associated technology) in each of the past three years.

<b>V. Investment Philosophy and Strategy – Active Managers Only</b>
---

1. Please describe your investment philosophy. When we refer to “philosophy,” we want to know what factors you believe determine the value of a bond and drive bond prices. Where did your investment philosophy come from and how has it evolved? Lastly, we want to know how you believe your firm can add value through active management. (The reason we are asking these questions is to understand the foundation of your investment process.)
2. Within your investment discipline, how would you describe your investment style? Why have you gravitated toward this style and why have you chosen to manage money this way?
3. What differentiates your investment approach from your peers and what gives you an edge versus the firms you compete with? Do you believe that an investment approach that worked in the past may not work in the future and, therefore, that you need to change or modify your investment approach over time?
4. What is the benchmark used for your high yield bond portfolios? Does this benchmark include all of the securities you would consider investing in?
5. Are macroeconomic assumptions incorporated in the portfolio management process? If so, how?
6. What role do interest rate and yield curve strategies play in your process? What has the portfolio’s duration range been over the past three years?
7. Are sector/industry weightings explicitly targeted or are they the result of other strategy decisions?
8. What is the limit to how much the portfolio will hold in investment-grade securities?
9. Are “traditional” private placements purchased, meaning that there is no subsequent registration of the securities? Is there a limit to how much of the portfolio they may comprise?
10. Describe the use of futures or other derivative strategies to manage duration or to achieve other portfolio objectives. Include a discussion of CDO’s and credit swaps.
11. How is cash utilized in your strategy? What is the maximum amount of cash a portfolio manager may raise in a portfolio? What is the typical range of cash allocation? How long may a portion of the portfolio remain uninvested?
12. Describe in detail any changes or refinements made to the security selection process over the past three years.
13. Discuss the use of internal ratings, if any.
14. Do you incorporate non-dollar and other non-U.S. bonds (including emerging market debt) in your strategy? If so, what is your policy on hedging currency exposure?

15. Describe your policy regarding investments in preferred debt, “busted” convertibles, zero-coupon bonds, and other non-traditional securities?
16. Do you incorporate bank loans in your strategy? If so, what constraints do you employ?
17. What pricing services do you use? Are any securities in the portfolio “hand-priced,” meaning that a price other than one provided by the pricing service is used? Please discuss procedures for and frequency of hand-pricing.
18. How many securities are held in a typical portfolio? How many issuers? What is the maximum holding in any one (non-U.S. government) issuer?
19. If a holding exceeds the firm’s stated limit, what is the process for paring this holding?
20. What has been the portfolio’s annual turnover rate in each of the past three years?
21. What elements of your strategy have had the greatest influence on returns relative to the benchmark?
22. What investment characteristics or calculations does the firm’s High Yield Bond process emphasize?
23. How is portfolio risk monitored and controlled? How are event and default risks controlled?
24. Is there a maximum and/or minimum issue size that the firm will consider for investment?
25. How many defaulted issues have you owned in the last five years? How many issues have become distressed after you purchased them in the last five years (distressed issues are defined as bonds trading more than 1,000 bp over the relevant Treasury)? Of these, how many did you sell while they were distressed?
26. What is the 1-day and 30-day VaR for the current portfolio? What is the highest level these VaR’s have reached?
27. Please explain *in no more than one page* what your competitive advantage is and why your firm should be hired for this mandate.

## VI. Investment Process & Portfolio Construction – Active Managers Only

1. Please describe your investment process for the High Yield Fixed Income strategy.
2. Do you use screens or quantitative tools at the front-end of the process? Are they proprietary? Are they industry specific?
3. Who is the decision-making body that has final authority for the High Yield Fixed Income strategy? Does it take the form of an investment policy committee, a team of portfolio managers and/or research analysts, or some other form? Who comprises this group?
4. What are the responsibilities of the decision-making body and of individual portfolio managers? What latitude do portfolio managers have to override investment committee and/or research recommendations?
5. If applicable, explain how the portfolio manager works with the analysts. Are the analysts the primary generators of new ideas? Is there give-and-take between the analysts and portfolio managers?
6. How does an analyst establish credibility with a portfolio manager?
7. To what extent do the portfolio managers get involved in the due diligence process? Do you have multiple people analyzing the same security?
8. Must the analysts or PMs have a clearly articulated investment thesis for every stock in the portfolio? Provide an example.
9. We view your research due diligence process as one component of your overall investment process. Please give us a general overview of how you analyze a security and what you are trying to accomplish. What factors are most important to you in your analysis? What attributes do you look

- for? Why these attributes?
10. Based on your experiences, have you developed any investment “rules of thumb” in terms of what you look for and what you try to avoid? What are the important criteria you consider before purchasing a security?
  11. Do all portfolio managers/analysts on the investment team that are responsible for managing this product look at securities the same way and adhere to the same approach? Do you use a standardized analytical template that everyone must complete? Please include a sample research report in a separate file.
  12. Describe your research process, including the security universe covered by your research. What is distinctive about your research process relative to other investment managers?
  13. How are research ideas communicated to portfolio managers?
  14. Are portfolio managers/analysts industry specialists or are they generalists?
  15. What factors trigger a sell recommendation?
  16. How do you define “risk” and how do you control it in the portfolio?
  17. What tools do you use to measure risk? What are the most significant risks the portfolio is currently exposed to? Do you look across the portfolio for common risk exposures?
  18. Do you continually evaluate the investment process and the results it produces? How do you go about this process? Do you continually evaluate the portfolio and think about what you did right and wrong? Give an example of a winner and a loser and explain what you learned from the two experiences. How did you incorporate those lessons into your management of the portfolio subsequently?
  19. What lessons did you learn from the 2008 market turmoil and the 2009 market rebound?
  20. Is there an optimal environment for your investment approach? What kinds of markets would you perform best in? Worst in? Do you believe there are any weaknesses in your investment process?
  21. How long would it take to invest a \$230 million cash allocation to the High Yield Fixed Income strategy?
  22. Do you incorporate ESG (environmental, social, and governance) principles into your management of the portfolio? If so, why do you incorporate them? How are they incorporated and to what degree?
  23. Do you engage management and try to influence a company’s ESG factors? If so, how often and to what extent?
  24. How do you determine the ESG factors you adhere to?
  25. Do you subscribe to any external services that provide information on ESG factors?
  26. What percentage of your firm assets incorporate ESG principles?
  27. How do you ensure compliance with ESG policies in client portfolios?

## **VI. Investment Philosophy and Strategy – Passive Managers Only**

1. How do you approach the potential tradeoff between tracking error and trading costs to track a relevant index? What factors influence the use of full replication versus various types of portfolio optimization/sampling?
2. What strategies or processes does your firm employ to efficiently trade through index changes (e.g., index reconstitutions, delistings, corporate actions etc.)?
3. What portions of the investment process (if any) are performed by outside firms (i.e., services that are “outsourced”). Please explain your rationale for outsourcing any investment tasks and to what outside firm they are delegated to.
4. What method is used to replicate the targeted index(es) (e.g., full replication, optimization,

- sampling, etc.)? Please list any software used to construct the portfolio (e.g., optimizers, etc.).
- What measures are taken to control tracking error? Are possible tracking error impacts taken into account when trading, if so, how?
  - How long would it take to invest a \$230 million cash allocation to the High Yield Fixed Income strategy?

## VII. Portfolio Performance & Characteristics

- Please provide monthly performance history since inception for the High Yield Fixed Income strategy. Include a discussion of the performance calculation methodology and whether it is GIPS compliant. If possible, please provide information both gross and net of fees. This information should be in an Excel spreadsheet, formatted as follows:

	A	B	C
1		High Yield Fixed Income Product NameGross	High Yield Fixed Income Product name Net
2	Jan-99	0.00442	0.00442
3	Feb-99	0.02216	0.02216
4	Mar-99	0.05762	0.05762
5	Apr-99	-0.01122	-0.01122
6	May-99	0.00762	0.00762

- Cell (A1) must be empty.
- The first row, starting with the second column (B1) must contain the firm and product name, up to 40 characters (spaces count as characters).
- Dates in column A must be in either mmm-yy (Jan-99) or mmm-yyyy (Jan-1999) format.
- Numbers can be in percent or decimal format.
- Data must start from earliest and end with latest.
- Empty cells for which there is no return should have a N/A entered, otherwise a zero will be read.

*Note: Please detail the dollar amount of assets in the performance composite annually, as well as the number of accounts. Note what percentage of High Yield Fixed Income assets managed is represented by the composite. Include all other composite footnotes.*

- Please provide in Excel format a sample client portfolio as of 6/30/16 detailing individual holdings (including date, ticker, security name, units, and price).
- Please complete the following table:

	As of 6/30/16	As of 3/31/16	As of 12/31/15	As of 9/30/15
Duration & Yield:				
Average Effective Duration				
Average Coupon				
Average Dollar Price				
Yield to Worst				
Quality Structure:				

AAA, AA, and A1				
BBB				
BB				
B				
CCC				
Below CCC				
<i>Sector Allocation:</i>				
US Treasury and Agency				
Domestic Corporate				
Foreign: Developed Markets				
Foreign: Emerging Markets				
<i>Convertible Bonds</i>				
Preferred Equity				
<i>Bank Debt</i>				
<i>Cash Equivalents</i>				
Other (describe)				
Non-U.S. Dollar Denominated				
Number of Issues				
Number of Issuers				
Industry/Sector Weightings: (show % for benchmark in parentheses) 1) Three largest sectors 2) Three largest overweights 3) Three largest underweights				
Percent Portfolio in Top 10 Holdings				

4. In addition, please complete the following table, using gross-of-fee performance data, as of 6/30/16.

	<b>High Yield</b>	<b><i>Barclays High Yield</i></b>
Composite Inception Date		<i>n/a</i>
Since Inception (Annualized):	-	-
Average Return		
Average Standard Deviation		
Tracking Error		<i>n/a</i>
Information Ratio		<i>n/a</i>
Correlation with Benchmark		<i>1.00</i>
Trailing Three Years (Annualized):	-	-
Average Return		
Average Standard Deviation		
Tracking Error		<i>n/a</i>

1 Include Treasuries, Agencies, and cash equivalents.

Information Ratio		<i>n/a</i>
Correlation with Benchmark		<i>1.00</i>
Trailing Five Years (Annualized):	-	-
Average Return		
Average Standard Deviation		
Tracking Error		<i>n/a</i>
Information Ratio		<i>n/a</i>
Correlation with Benchmark		<i>1.00</i>
Trailing Seven Years (Annualized):	-	-
Average Return		
Average Standard Deviation		
Tracking Error		<i>n/a</i>
Information Ratio		<i>n/a</i>
Correlation with Benchmark		<i>1.00</i>
Calendar Year Performance:	-	-
YTD 2016		
2015		
2014		
2013		
2012		
2011		
2010		
2009		
2008		

- Please provide annual return attribution analysis information, if available. Please include attribution analysis by sector/industry and issue selection. Please include a discussion of methodology, including whether analysis was performed internally or by an external company. If your firm does not produce or receive return attribution analysis, please state this. (Active Managers Only)
- Has the product performance been audited and verified by a third party? If so, by whom and for what period?

## VIII. Compliance & Operational Information

- Does the firm have a Chief Compliance Officer (CCO)? Who is that individual? Do they have legal training? Please attach their biography and a copy of your compliance manual. (The manual should be attached in a separate file.)
- What are the CCO's responsibilities? Is compliance their sole function or do they have other responsibilities? Approximately what portion of their time is spent on compliance issues?
- Please state your firm's ethics policy. Does the firm have a Code of Ethics? If so, please include this document as an attachment.
- Has your firm ever experienced a significant violation of your compliance or ethics policy? If a violation has occurred, please explain what happened, how the violation of the firm's policies was

- handled, and how the issue was resolved.
5. How do you ensure that your clients adhere to policies set forth for the protection of the firm's other clients (e.g., prevention of market timing)?
  6. How does the firm monitor employee investment and trading?
  7. How often are employees trained in compliance policies?
  8. What systems are in place for ensuring that portfolios are in compliance with client guidelines? Does the firm use any outside firms to help with compliance issues?
  9. What is the firm's policy regarding the use of soft dollars? Are all soft dollars used strictly for the benefit of clients? Please provide the absolute level of soft dollars generated and the percentage of commissions this represented over each of the last three years.
  10. Does your firm utilize brokers that are considered a 'minority owned business', 'female owned business' or 'business owned by a person with a disability'? If so, please provide the percentage of your total trading volume that each firm accounted for, along with the average commission for each in the last year. Please refer to ISBI's Diversity Policy for more information.
  11. Please explain how brokers are approved and briefly explain why you have selected these brokers. List the top five brokerage firms with whom you have conducted trades in the last year. Provide the percentage of your total trading volume that each firm accounted for, along with the average commission for each.
  12. Has the firm recently ended any brokerage relationships? If so, why?
  13. What systems and tools do you use for order entry (trading), portfolio accounting, and portfolio analysis?
  14. Please describe how trade orders are created, submitted, and executed.
  15. How much of the trading process is automated vs. manual?
  16. What percentage of trades are executed through ECNs?
  17. How are trades allocated between client accounts? Does the firm have a written allocation policy?
  18. How are client investment restrictions incorporated into the order and trading process?
  19. How are trade confirmations tracked?
  20. How does the firm handle trading errors?
  21. Does the firm track broker best execution? If so, how is this tracking performed? Can you provide a recent Trading Cost Analysis (TCA) report for the portfolio?
  22. How does the firm monitor best execution on foreign currency transactions, if any?
  23. Describe the firm's settlement process and what software is used.
  24. Describe the firm's valuation process and procedures for securities. Does the firm use an independent pricing service? If so, what is the name of the service? How long does it take from month end for clients to receive estimate, final and administrator values in accounts?
  25. Describe the reconciliation process.
  26. Describe how the firm receives corporate action information. How do corporate actions elections take place?
  27. Which individuals at the firm are authorized to place trades with broker-dealers, and issue trade settlement, corporate action and proxy statement instructions to custodian banks, and perform portfolio accounting functions?
  28. How does your firm back up computer files and systems? Do you have a disaster recovery plan in place? Please explain your plan, in the event of a disaster, how long would it take to become fully functional?
  29. What security measures does your firm have in place to ensure the protection of firm and client assets?
  30. Please attach a sample of a quarterly client report.



<b>IX. Fees &amp; Related Management Costs</b>
--

1. Please provide the fee schedule for the high yield bond strategy, for a separate account, a commingled account, and mutual fund (if available). For commingled and mutual fund vehicles, please explain all additional fees (front/back-end loads, contribution/withdrawal fees, management or custody expenses, etc.).
2. Do all clients pay the same fee? Please explain any discrepancies.
3. Is there a minimum fee?
4. Do you offer a performance-based fee? If so, please provide a performance-based fee schedule. Over what period is performance evaluated and against what benchmark? What is the base fee? Is there a maximum fee (a cap)? (Active Managers Only)
5. Do you offer a Most Favored Nations (MFN) clause? If so, would you be willing to provide this client an MFN?
6. Does this product have any liquidity constraints? Discuss in detail your policy on subscriptions and redemptions for all applicable vehicles. What special provisions (i.e., lock-ups, reserves, in-kind payments, exit fees, delayed payments, queues, etc.) if any, exist?

**Chief Compliance Officer Signature**

I, chief compliance officer of \_\_\_\_\_, have reviewed all of the aforementioned statements and documents. To the best of our ability, we believe all statements and documents to be accurate, truthful and timely.

---

Signature

---

Print Name

## Exhibit A

The Illinois State Board of Investment (ISBI) acts as fiduciary for the General Assembly Retirement System, Judges' Retirement System and State Employees' Retirement System of Illinois. As fiduciaries, ISBI is responsible for managing, investing, reinvesting, preserving and protecting fund assets.

It is the policy objective of ISBI to prevent actual, potential or perceived conflicts of interest with its current and prospective vendors on behalf of its participants.

In furtherance of this policy, ISBI shall require the following disclosures:

1. Political Contribution Disclosure

All (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, lobbyists, and any individual whose compensation is directly derived by the awarding of ISBI's contracts must provide written disclosures of all political contributions made during the preceding five years to a Board member or a Board member's campaign committee, and provide disclosures in writing of any future political contributions made to Board members or a Board member's campaign committee.

All, (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, lobbyists, and any individual whose compensation is directly derived by the awarding of ISBI's contracts must provide written disclosures of any future instances where a Board member or a Board member's campaign committee solicits any political contributions from such persons, regardless of the candidate or political campaign committee for whom the solicitation is requested.

Additionally, (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, as well as each of the aforesaid vendors' solicitors, finders, officers, directors, partners, principals, lobbyists, and any other individual whose compensation is directly derived by the awarding of ISBI's contracts, must provide written disclosures of all political contributions made during the preceding five years to any political committee established to promote the candidacy of the office of the Governor or any other declared candidate for that office.

The failure to provide written disclosures of political contributions or solicitations may result in the disqualification or termination of the vendor.

PROVIDE RESPONDENT'S POLITICAL CONTRIBUTION DISCLOSURES IN AN ATTACHMENT.

IF RESPONDENT HAS NO POLITICAL CONTRIBUTIONS TO REPORT, INDICATE THAT RESPONDENT HAS NO DISCLOSURES TO REPORT IN AN ATTACHMENT.

2. Public Act 95-0971 Disclosures

Public Act 95-0971 (the Act) amends the Illinois Procurement and Election Codes (i) to require certain “business entities” to register with the State Board of Elections; (ii) to require state bidding documents and contracts to contain language referencing a business entity’s duty to register with the State Board of Elections and duty to provide a registration-related certification; and (iii) to restrict business entities from making political contributions to any political committee established to promote the candidacy of the officeholder responsible for awarding the contract on which the business entity has submitted a bid or proposal, which is the Governor in the case of the Board. ISBI constitutes a “State Agency” under the Act. On January 30, 2008, the Board resolved to apply the Act’s requirements to ISBI’s contracts.

All (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI must comply with all requirements of the Act that are applicable to the particular vendor. Please note that any contract formed between the Board and vendor is voidable for vendor’s failure to comply with the requirements of the Act.

Please read the Act carefully, as it may affect your ability to do business with ISBI. The Act may require registration and disclosures by you with the State Board of Elections, and requires specific language to be present in ISBI bidding materials and contracts. Further, the Act may restrict you from making political contributions to certain state officeholders.

DISCLOSE WHETHER RESPONDENT CONSTITUTES A “BUSINESS ENTITY” UNDER THE ACT.

**IF RESPONDENT IS A BUSINESS ENTITY, RESPONDENT MUST ATTACH REGISTRATION CERTIFICATION IN AN ATTACHMENT.**

3. Vendor Disclosure of Financial Interests and Potential Conflicts of Interest

All bidding materials from potential ISBI vendors must be accompanied by a disclosure of any ownership of the vendor in excess of 5%, as well as a disclosure of any distributive income share in excess of \$100,000.00 of the bidding entity and its parent entity. If the vendor is a publicly traded entity subject to Federal 10K reporting, it may submit its 10K disclosure to satisfy the 5% ownership disclosure. Distributive income share, in this instance, is a fee, commission, bonus or any other form of remuneration conferred by the bidding entity or its parent contingent on the bidding entity’s selection for procurement of services by ISBI.

Disclosures must include at least the names, addresses, and dollar or proportionate share of ownership of each person identified and their instrument of ownership.

PLEASE PROVIDE OWNERSHIP DISCLOSURES IN AN ATTACHMENT.

IF RESPONDENT HAS NO OWNERSHIP DISCLOSURES TO REPORT, INDICATE THAT RESPONDENT HAS NO OWNERSHIP DISCLOSURES TO REPORT IN AN ATTACHMENT.

Further, the bidding entity must disclose whether any of the following relationships, conditions, or statuses are applicable to representatives of the bidding entity or its parent entity:

- a. State employment, currently or in the previous three years, including contractual

employment services;

b. State employment by spouse, father, mother, son, daughter or immediate family including contractual employment for services in the previous two years;

c. Elective Status: the holding of elective office of the State of Illinois, the government of the United States, any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois currently or in the previous three years;

d. Relationship to anyone (spouse, father, mother, son, daughter or immediate family) holding elective office currently or in the previous two years;

e. Employment, currently or in the previous three years, as or by any registered lobbyist of the State government;

f. Relationship to anyone (spouse, father, mother, son, daughter or immediate family) who is or was a registered lobbyist of the State government in the previous two years;

g. Compensated employment, currently or in the previous three years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections;

h. Relationship to anyone (spouse, father, mother, son, daughter or immediate family) who is or was a compensated employee in the last two years of any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections.

PROVIDE DISCLOSURES APPLICABLE UNDER SECTION 3.a. – 3.h. IN AN ATTACHMENT.

IF RESPONDENT HAS NO DISCLOSURES TO REPORT FOR 3.a. – 3.h., INDICATE RESPONDENT HAS NO DISCLOSURES TO REPORT FOR 3.a. – 3.h. IN AN ATTACHMENT.

#### 4. Public Act 98-1022 Disclosures

Public Act 98-0122 (the Act) amends the Illinois Pension Code to require certain disclosures regarding utilization of minorities, females and persons with a disability. For purposes of this Policy, the terms “minority owned business”, “female owned business”, and “business owned by a person with a disability” are as defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.” In accordance with the Act, all (i) vendors submitting bidding proposals to ISBI and (ii) vendors retained by ISBI, must provide the following numerical data:

- a. The number of the vendor’s investment and senior staff and the percentage of its investment and senior staff who are a (i) minority person, (ii) female, or (iii) person with a disability;

<b>DIVERSITY PROFILE</b>								
Name of Investment Advisory Firm:								
Data as of:								
Job Category	Non-Disabled				Disabled		Total Minority, Female and Disabled Persons	Total Staff Minority & Non-Minority
	Non-Minority		Minority					
	Male	Female	Male	Female	Male	Female		
Senior Staff (as defined by your Firm)								
Investment Professionals (Excluding Senior Staff)								
Total Senior Staff & Investment Professionals								
Percent of Total Senior & Investment Professionals								

*Note: Do not count employees twice. Employees must be placed in one category ONLY.*

*Example: A black female with a disclosed disability can go into either the "minority female" category OR the "disabled female" category, not both.*

b. The number of contracts, oral or written, that the vendor has in place for investment services, consulting services, and professional and artistic services that constitute a (i) minority owned business, (ii) female owned business, or (iii) business owned by a person with a disability; and

c. The number of contracts, oral or written, that the vendor has in place for investment services, consulting services, and professional and artistic services where more than 50% of services performed pursuant to contract are performed by a (i) minority person, (ii) female, or (iii) person with a disability but do not constitute a business owned by a minority, female, or person with a disability.

<b>Number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the investment advisor, consultant or private market fund has with:</b>		
	<b>Number of Contracts</b>	<b>Funds Expenses to Date</b>
<b>Minority/Female/Disabled Firms</b>		
<b>Non-Minority owned Firms where greater than 50% of the services performed pursuant to the contract are completed by Minority/ Female/ Disabled persons within that Firm.</b>		
<b>Total</b>		\$

Finally, in a separate attachment, please provide any additional information related to your firm's diversity initiatives that might be useful during the search and/or selection process.

These disclosures are not intended to prohibit or prevent any contract. The disclosures are (i) considered by the Board, within the bounds of financial and fiduciary prudence, prior to awarding a contract and (ii) used to fully and publicly disclose any potential conflict to ISBI so that ISBI may adequately discharge its duty to protect its participants.

When a potential for a conflict of interest is identified, discovered, or reasonably suspected, the Executive Director shall review and comment on it in writing to the Board's Audit and Compliance Committee. This Committee shall recommend in writing to the Board whether to void or allow the contract, bid, proposal or response weighing the best interests of the State of Illinois. The comment and determination shall be a part of the associated file.

These thresholds and disclosures do not relieve ISBI, or its designees, from reasonable care and diligence for any contract, bid, proposal or response. ISBI, or its designees, shall use any reasonably known and publicly available information to discover any undisclosed potential conflict of interest and act to protect the best interest of the State of Illinois.

Failure to make any disclosure required by this provision may render the contract, bid, proposal, response or relationship voidable by the Board and may result in the termination of any existing relationship, suspension from future contracts, bids, proposals, responses or relationships for a period up to ten years. Reinstatement must be reviewed and commented on in writing by the Executive Director. The Board shall determine in writing whether and when to reinstate the party at issue. The comment and determination must be a part of the associated file.

Additionally, all disclosures must note any other current or pending contracts, leases, bids, proposals, responses or other ongoing procurement relationships the bidding, proposing, or responding entity has with any other unit of State government and must clearly identify the unit and the contract, lease, bid, proposal, response or other relationship.

\*\*\*\*\*

This policy shall be disclosed to all vendors as early as possible in the marketing process, ideally at the initial point of contact with ISBI. However, a failure on the part of ISBI to make such disclosure shall in no way detract from the application of this policy.

**ADOPTED: September 7, 2005**

**AMENDED: December 16, 2005**

**AMENDED: January 30, 2009**

**AMENDED: December 5, 2014**

**AMENDED: March 20, 2015**

## Exhibit B

### Representations and Certifications:

1. \_\_\_\_\_ shall comply with all applicable laws of the State of Illinois and the United States of America, and any governmental or regulatory authority outside of the United States.
2. \_\_\_\_\_ certifies that no finder's fee or commission has been or shall be paid to any individual or organization resulting from the establishment of this investment relationship.
3. No party may assign this Agreement, in whole or in part, nor delegate except as contemplated herein all or part of the performance of duties required of it by this Agreement without the prior written consent of the other party, and any attempted assignment or delegation without such consent shall be void.
4. If any provision of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions of this Agreement shall not be affected, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.
5. \_\_\_\_\_ and ISBI each represents to the other that it is duly authorized and fully empowered to execute, deliver and perform this Agreement.
6. \_\_\_\_\_ certifies that is has not been barred from entering into this Agreement as a result of a violation of Section 33E-3 or Section 33E-4 of the Illinois Criminal Code of 1961.
7. \_\_\_\_\_ shall maintain, for a minimum of 5 years after the completion of this Agreement, adequate books, records and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with this Agreement. \_\_\_\_\_ further agrees to cooperate fully with any audit and to makes this Agreement, and all books, records and supporting documents related to this Agreement, available to the Auditor General, chief procurement officer, internal auditor, and the purchasing agency. Failure to maintain the books, records and supporting documents required by this Agreement shall establish a presumption in favor of the State of Illinois for the recovery of any funds paid by the State of Illinois under this Agreement for which adequate books, records, and supporting documentation are not available to support their purported disbursement.
8. \_\_\_\_\_ certifies that \_\_\_\_\_ is its correct tax identification number and that the manager is doing business as a \_\_\_\_\_.
9. Any amount of compensation due according to the terms of this Agreement for which an appropriation is required and for which no appropriation has been enacted by the Illinois General Assembly and signed into law by the Governor shall not be due and payable and this Agreement shall become null and void as to such compensation unless and until the required appropriation is made.
10. \_\_\_\_\_ certifies that neither it, nor any of its affiliates, is participating or shall participate in an international boycott in violation of the provisions of the United States Export Administration Act of 1979.
11. \_\_\_\_\_ certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-5. Section 50-5 prohibits a contractor from entering into a contract with a State Agency if the contractor has been convicted of bribery or attempting to bribe an officer or employee of the State of Illinois, or if the contractor has made an admission of guilt of such conduct which is a matter of record. Further, \_\_\_\_\_ acknowledges that the Board may declare this Agreement void if this certification is false.

12. \_\_\_\_\_ certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-10. Section 50-10 prohibits a contractor from entering into a contract with a State Agency if the contractor has been convicted of a felony and 5 years have not passed from the completion of the sentence for that felony. Further, \_\_\_\_\_ acknowledges that ISBI may declare this Agreement void if this certification is false.
13. \_\_\_\_\_ certifies that it, and any of its affiliates (as defined in the Illinois Procurement Code), is not barred from being awarded a contract under 30 ILCS 500/50-11. Section 50-11 prohibits a contractor from entering into a contract with a State Agency if the contractor knows or should know that it, or any of its affiliates, is delinquent in the payment of any debt to the State of Illinois, as defined by the Debt Collection Board. Further, \_\_\_\_\_ acknowledges that ISBI may declare this Agreement void if this certification is false.
14. \_\_\_\_\_ certifies that it is not barred from being awarded a contract under 30 ILCS 500/50-12. Section 50-12 prohibits a contractor from entering into a contract with a State Agency if the contractor, or any affiliate, has failed to collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the Illinois Use Tax Act. Further, \_\_\_\_\_ acknowledges that ISBI may declare this Agreement void if this certification is false.
15. \_\_\_\_\_ certifies that is not barred from being awarded a contract under 30 ILCS 500/50-14. Section 50-14 prohibits a contractor from entering into a contract with a State Agency if the contractor has been found by a court or the Pollution Control Board to have committed a willful or knowing violation of the Environmental Protection Act within the last 5 years. Further, \_\_\_\_\_ acknowledges that ISBI may declare this Agreement void if this certification is false.
16. \_\_\_\_\_ certifies that during the five years prior to the date of this Agreement, no officer, director, partner or other managerial agent of the \_\_\_\_\_ has been convicted of a felony under the Sarbanes-Oxley Act of 2002 or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953. Further, \_\_\_\_\_ acknowledges that ISBI may declare this Agreement void if this certification is false.
17. Public Act 95-0971: \_\_\_\_\_ certifies, in Exhibit \_\_\_\_ to this Agreement , that they have registered as a Business Entity with the State Board of Elections and acknowledges a continuing duty to update the registration pursuant to PA 95-0971 (the “Act”). Further, \_\_\_\_\_ acknowledges that all Contracts between State Agencies and a Business Entity that do not comply with the Act shall be voidable under the Act.
18. \_\_\_\_\_ certifies that it does not pay dues or fees, or subsidize or otherwise reimburse its employees or agents for any dues or fees to any discriminatory club.
19. \_\_\_\_\_ certifies that it will provide a drug free workplace and will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance during the performance of this Agreement. This certification applies to contracts of \$5,000 or more with individuals, and to entities with 25 or more employees.
20. \_\_\_\_\_ will furnish to ISBI, from time to time, such evidence as ISBI may reasonably request that it satisfies the foregoing requirements, and shall promptly notify ISBI if it has reason to believe that any of the foregoing representations, warranties or covenants may cease to be satisfied.
21. \_\_\_\_\_ represents and warrants to ISBI that it is registered as an investment adviser under the Investment Advisors Act of 1940.



22. \_\_\_\_\_ acknowledges that it is a “fiduciary” with respect to the Account assets within the meaning of Article 1 of the Illinois Compiled Statutes, Chapter 40, Act 5; warrants that none of the disqualifications described in Section 411 of ERISA apply to Respondent; and specifically agrees to perform its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in an enterprise of like character and with like aims.
23. \_\_\_\_\_ shall secure, and maintain throughout the term of the investment management relationship with ISBI, insurance that satisfies the requirements set forth below that is provided by insurer(s) rated A- or better by A.M. Best & Company. \_\_\_\_\_ shall provide the Board:
- a. A copy of the requisite insurance policies upon initiation of the contract;
  - b. an annual certification that the insurance requirements continue to be satisfied; and
  - c. evidence of continued satisfaction of the insurance requirements upon request.
- The minimum insurance requirement shall include:
- d. a bond protecting the Account assets that meets the requirements of, and that is in the amount specified under, ERISA and the regulations thereunder; and
  - e. errors and omissions coverage in an amount equal to the greater of: \$5 million or 5% of the assets under management, up to a maximum of \$10 million of coverage. The errors and omissions insurance shall protect the Account against losses from the negligent acts, errors or omissions of Consultant.
24. \_\_\_\_\_ shall notify ISBI in writing within five (5) business days of any material changes in senior officers, senior personnel involved in the management of the Account, ownership, significant legal actions instituted against Respondent, or any investigations, examinations, or other proceedings commenced by any governmental regulatory agency which is not conducted in the ordinary course of Respondent’s business.
25. \_\_\_\_\_ certifies that Respondent and, to the best of its knowledge, Respondent’s subcontractors (if any), have complied with Illinois Executive Order 1-2007.
26. \_\_\_\_\_ certifies that Respondent is not an Illinois Finance Entity as defined by 40 ILCS 5/1-110.10.
27. If \_\_\_\_\_ retains any subcontractors to perform any portion of the work hereunder, then Respondent shall promptly provide notification, in writing, to ISBI. Respondent shall also disclose the names and addresses of all subcontractors and the expected amount of money each will receive under the contract. Respondent shall provide ISBI a copy of any subcontract with an annual value of more than \$25,000 so identified within 20 days after the execution of this Agreement or after execution of the subcontract, whichever is later. In addition, Respondent acknowledges that if at any time during the term of the contract it adds or changes any subcontractors, it will provide notification, in writing, to ISBI. For purposes of this certification, “subcontractor” does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting advisory services, services used to track compliance with legal standards, and investment fund of funds where ISBI has no direct contractual relationship with the investment advisers or partnerships.
28. \_\_\_\_\_ acknowledges that a description of this Agreement shall be posted on ISBI’s website, including the name of the organization, the total amount applicable to the Agreement, the total fees paid or to be paid under the Agreement and a disclosure, approved by the Board, describing the factors that contributed to the selection of the organization.

29. \_\_\_\_\_ agrees to disclose the names and address of: (i) Respondent; (ii) any entity that is a parent of, or owns a controlling interest in, Respondent; (iii) any entity that is a subsidiary of, or in which a controlling interest is owned by, Respondent; (iv) any persons who have an ownership or distributive income share in Respondent that is in excess of 7.5%; or (v) any persons who serve as executive officers of Respondent.
30. \_\_\_\_\_ agrees to provide full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the organization in connection with the provisions of services to ISBI. Such disclosure shall be updated promptly after a medication of those payments or an additional payment.
31. Respondent is not in violation of the “revolving door prohibition” on procurement activity relating to a State Agency under 30 ILCS 500/50-30.

NOTE – ADDITIONAL CERTIFICATIONS AND REPRESENTATIONS MAY BE NEGOTIATED IN ANY RESULTING AGREEMENT WITH THE BOARD.